MAY 14 1949

The Mortgage Banker

JUNE 1949

R. O. Deming, Jr., MBA Presidential nominee 1949-50 term

In this Issue GOVERNMENT LENDING ISN'T CHEAPER ★ WHAT MORTGAGE MEN SHOULD KNOW ABOUT PUBLICITY AND ADVERTISING ★ REPORTS OF MBA ACTIVITIES

TIME OF CONFLICT

FOR anyone in the business of making or investing in mortgage loans, this seems to be one of those periods of conflict, of sharp controversy and disagreement. Few periods in the past have seen so many differences of opinion as there are now. And at no time in the past has the threat to a continuation of private enterprise in our field been so pronounced as it is at the moment. For instance:

» **SPENCE BILL:** Here is a measure that not too many people know about and still fewer appreciate in its many revolutionary aspects. For one thing, it would permit the government to go directly into the construction business. Almost no legislation has been proposed in Washington that would so weaken our private enterprise system as would this bill. Opinion seems to be that it hasn't much chance of passage in its present form; but it remains a serious threat to us and all private endeavor. Watch the Spence Bill. It could become one of your most immediate problems.

› **DIRECT LENDING:** More serious and considerably more immediate for the mortgage man is the possibility that the federal government will, if a group of bills now pending in congress become law, go directly into the business of making mortgage loans. There isn't any reason why a development of this kind should occur—but the fact is that it is a serious possibility.

In this issue, and in the May number, Miles L. Colean has admirably stated the case why the whole idea is unnecessary. We think mortgage men better be thinking seriously about direct lending and making their views known to those who have the ultimate decision in their hands.

» **HOUSING:** Another source of conflict for our field is the new housing legislation. As this is written, the outcome is obscure but whatever develops, some rather far-reaching housing legislation is sure of passage this year and a good slice of it will have to do with public housing. We know where the Senate stands because it has already acted; how far will the House go—this time?

» **ABA vs B & Ls:** Another controversy has been stirred up by the Federal Home Loan Bank Board regulations to the effect that federal savings and loan associations could now call themselves "federal savings associations," describe their shares as "savings accounts," issue certificates of indebtedness and open branch offices. The bankers are strongly opposed but the Home Loan Bank Board's regulations are expected to become effective. But the matter is not likely to end there. Representative Jennings has introduced a bill to prohibit doing just what the Board has done. This old conflict is taking on new life.

In short, this is indeed a time of many conflicts and from them some important decisions are likely to be made in 1949. An honest appraisal of the situation at the moment must be labeled "unfavorable to bad."

OBITUARY

With sorrow we record the death on April 26 of T. J. Bettes of T. J. Bettes Company, Houston. Death was the result of an accidental fall in his home. Mr. Bettes entered the mortgage field in Atlanta when he was 23 years old, later moving to Dallas, and in 1928 going to Houston to organize the T. J. Bettes Company. The firm maintains branches in Texas and Arkansas and is one of the largest individually owned mortgage concerns in the country. Mr. Bettes was vice president of Paramount Fire Insurance Co. and director of St. Louis Fire and Marine Insurance Co. He was also a director of the Texas MBA. He was active in many civic affairs in Houston and a member of the Chamber of Commerce, Rotary, Houston Club, Downtown Club, and others. Funeral services were from the Bettes' home on April 28.

PLANNING TOMORROW'S BUSINESS

Wanted: A More Flexible Mortgage

TODAY mortgage lenders have many borrowers who seem afraid of the future. They fear that a time will come when their earnings are less than they are today and they may not be able to meet all of their mortgage obligations.

We lenders, on the other hand, usually prescribe payments about as heavy as competition and the borrower's present earnings will permit to take care of depreciation as well as declining values in lean years which may be ahead of us.

We encourage a borrower to make additional payments if he has a surplus of funds; yet if he does so, the heavy original payments remain as before in the ordinary form of mortgage.

I suggest that we grant the borrower the right to reduce his monthly payments whenever his unrequired additional payments reach $1,000 or multiples thereof so that his loan will mature as originally contemplated and not earlier.

G. H. Dovenmuehle

Of course this can be done now if the mortgagee agrees to it. What I am suggesting is that we take some of the fear from the borrower by granting this right at the time we make the loan. It is possible too that such a provision may encourage thrifty habits and actually make our loans safer.

Probably this might apply to FHA loans as well as conventional. I have seen many cases where a borrower will voluntarily cut his loan in half and later find it a struggle to meet his original high payments which were entirely unnecessary. Sometimes we lose the loan for that reason.

A more flexible type of mortgage is something mortgage lenders might be giving some serious study to now. — *George H. Dovenmuehle, vice president, Dovenmuehle, Inc., Chicago.*

The Mortgage Banker

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THIS MONTH'S COVER

The cover this month is given over to a photograph of a man who probably knows as many MBA members as any other. He is R. O. Deming, Jr. of Oswego, Kan., who has been selected by the nominating committee for MBA president for the 1949-50 term *(see page 19 for story)*.

This is the first issue of THE MORTGAGE BANKER in its new expanded format and the first to carry advertising. It is a coincidence that it should also carry the story of Mr. Deming's nomination because he was instrumental in expanding the magazine to include advertising and even sold the first advertising contract!

We hope MBA members will like the larger-size publication. We believe the inclusion of important advertisers, such as are participating in this issue, marks a definite advance in providing a more valuable monthly publication for the industry. We hope to cover the Association's activities more fully than ever before because we have more space to do it. We'll be out looking for more and better articles on every phase of the business.

President Nielsen has named an Editorial Advisory Board and members' names appear in the adjoining column for the first time. These men are successfully engaged in the business of making or purchasing mortgages and, by their ideas and suggestions, will be able to reflect grass roots opinions of what is important for THE MORTGAGE BANKER to cover.

But, in this activity, as in any kind of cooperative Association effort, assistance, advice and counsel are always needed. Improvements can always be made and they are cordially solicited from every Association member. Up in the ivory tower where we are, hides are *tough;* so don't hesitate to pass along anything that's on your mind.

Contents

GOVERNMENT LENDING ISN'T CHEAPER

By MILES L. COLEAN

THE argument for direct government lending rests on two economic propositions.

» The first is that it is necessary to make up deficiencies in the availability of private funds.

» The second is that it costs less than private financing and, consequently, can serve, on an economically sound basis, borrowers who would otherwise be kept out of the market. The first part of the argument was dealt with (and, it is hoped, disposed of) in last month's article. Ample private funds are available. The problem is simply to remove unneeded restrictions on their use.

The proposition that government financing is cheaper than private financing comes from the simple observation that while the federal government can obtain long term funds at about 2.5 per cent, home buyers and builders have to pay around 4.5 to 5 per cent for mortgage loans. Therefore, the argument runs, the government has money to use at about only half what it costs a man trying to buy his own house or an investor who wants to build a rental property. It has also been observed that an interest rate even lower than the federal rate has at times been obtained on the bonds issued by local and state governments.

The first flaw in the proposition is that it compares unlike things. From the point of view of government, the interest rate on its bonds is a *borrowing rate,* not a *lending rate.* It is what the government must pay to get funds to carry on activities, the cost of which is not covered by taxation. It may properly be compared, not with the private mortgage loan rate, or indeed with the interest rate on any private loans, but rather with the rates paid by lending institutions in order to get funds to lend, such as the interest paid on savings accounts and the dividends on savings and loan shares. Moreover, if the government were greatly to expand its activity, the rate it would have to pay would undoubtedly rise.

Rate Would Rise

The lower rate sometimes paid by state and local governments is due solely to the fact that their "depositors" (i.e. bondholders) do not have to pay federal income taxes on the interest they receive. If tax exemption were available on federal bonds or on the income from savings, share accounts, and annuity interest, these rates would be lower too. In this connection, it may again be noted that, should local governments go extensively into mortgage finance, the additional demands for funds would force the rate up, since the low rate can exist only so long as the volume of these bonds is small enough to be absorbed wholly by investors in the highest surtax brackets.

To begin with, then, government must pay a substantial amount for the funds with which it is to do its lending business, and is likely to pay more if the business should become important. Because it costs money to lend money, the government cannot —no more easily than can private lenders—make loans at the same rate that it pays the public without the certainty of loss on the whole transaction. One difference between the two, however, is that, if private lenders miscalculate their costs, they must suffer their own loss or even be forced out of business, while government can, by taxation, force the general public to pay the costs that it has not charged to the borrowers.

If a government mortgage lending operation is to be economically sound and self-supporting, the interest charged to the borrower must account

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In the May issue of The Mortgage Banker, Mr. Colean cited the arguments which call for the defeat of the present bills in congress which would put the federal government directly into the mortgage lending business. He showed clearly and unmistakably that they are unnecessary and uncalled for. Rates are low, no emergency of any kind impends and there is ample money available for all legitimate needs; yet our industry finds itself confronted with the distinct possibility that the government may go into mortgage lending in competition with its citizens.

It is no exaggeration to say that such a step would represent a very important advance in the drift toward a socialist type of economy. But influential advocates of direct lending occupy high places. Mr. Foley, the HHFA administrator, is for it and has made his views clear to the senate banking and currency committee. Mortgage men have a job to do to convince congress that this legislation is wholly unnecessary. In theory that shouldn't be too difficult because the arguments are overwhelmingly on our side. But they must be presented to the people who will make the ultimate decision and that means a job for every member in his own community.

In this article, the second in a two-part series, Mr. Colean explodes the idea that government lending would be cheaper. It won't be as he conclusively shows. Mr. Colean has spoken before MBA meetings in the past and is a consultant on housing and related matters in the capital.

for the following costs of doing business:

» Interest paid to holders of government bonds.

» Overhead expense for issuing bonds, making interest payments, negotiating periodic refinancing, accounting, etc.

» Overhead expense for negotiating loans to borrowers, disbursing loans, collecting interest, collecting repayments, keeping accounts not only of these items but of payments made on account of taxes and insurance as private lenders must frequently do.

» The losses on defaulted loans. (In relation to new loans, this item must be considered in terms of an allowance to cover probable future losses.)

The solvency of any private lending institution is determined by its success in meeting items of cost corresponding to those listed above. Until the National Bureau of Economic Research* has completed its comprehensive study of real estate finance, definite figures on the specific items of cost will not be available. There is, however, sufficient information at hand to give a good idea of what the main items amount to as a percentage of the average outstanding balance of a mortgage portfolio.

For instance, in testimony before a special housing committee of the Senate in January, 1945, Paul Bestor, then vice-president of the Prudential Insurance Company of America, gave the following information about the mortgage operations of that company:

"(1) Cost of placing the loan on our books, properly amortized over the average life of the loan. This figure proved to be 0.28 per cent, just over one quarter of 1 per cent.

"(2) Cost of servicing installment loans and other administrative expense, 0.54 per cent, or about one-half of 1 per cent.

"(3) Risk factor as determined by recovery of investment on loans foreclosed, 0.65 per cent, or about five-eighths of 1 per cent. *Total cost, 1.47, or about 1½ per cent.*

"It should be mentioned that while the loss factor is considerably reduced for FHA mortgages, their smaller average amount plus additional work (for accounting, for tax and insurance payments and FHA insurance premiums) pushes the average expense on this type of mortgage up to about an equivalent figure."

It needs also to be added to Mr. Bestor's calculations that, in the case of the FHA loan, the borrower would still have to pay—a year in advance—the FHA insurance premium of 0.5 per cent, which would bring the total expense to 2 per cent, or slightly more. This total, however, would not include the equivalent of the first two items in our list of costs—those of getting the funds into the insurance company.

In testimony before the House Banking and Currency Committee in December, 1945, L. Douglas Meredith, vice-president of the National Life Insurance Company, quoted the average cost experience on FHA mortgage loans for four insurance companies at 1.46 per cent, *without reference to the initial costs of obtaining funds, and of the FHA insurance premium charged in lieu of part of the risk cost not carried by the lending institution.*

DIRECT LENDING WILL MEAN . . .

". . . government operation more expensive than the private one. If government should charge less it would be with the almost certain probability that, in the long run, part of the cost would be shifted from the borrower to the taxpayer."

Contrary to widespread opinion, FHA does not underwrite all the loss that may be encountered by a lending institution on defaulted loans. On properties turned over to FHA in exchange for debentures, the average loss to the lender, not covered by mortgage insurance, has averaged $100 per loan for loans made under the provisions of Section 603 and over $300 per loan for loans made under the provisions of Section 203.*

With the operations of the types of institutions referred to — mutual savings banks, savings and loan associations, and mutual life insurance companies — it must be borne in mind that the total difference between the income on investments and the amounts paid to depositors, share holders, and policy holders, is either cost, reserves against contingent costs, or payment for services, such as insurance or extreme liquidity, not provided in connection with government bond purchases. No profits enter into the picture. It may thus be noted that the interest charged by these institutions (4.5%-5%) is very close to what the government would have to charge if it added to the present long-term bond rate (2.5%) the *costs of doing business as reported by private lenders* (2%). This totals 4.5% and does not include the cost of getting the funds into the institution.

We have no evidence that a government agency could reduce the cost of doing business below that of the average private institution. On the other hand, there are a number of reasons for the belief that the cost to the government—if fully accounted for—would be substantially greater:

» Political considerations would dictate that offices be maintained in all states and readily available to all borrowers irrespective of the volume of business to be anticipated.

» All applications would have to be given thorough consideration irrespective of merit, in order to be ready to answer political complaints.

» The same interest rate would have to be available nationally, irrespective of varying foreclosure costs, and that rate would be equivalent to the minimum being widely offered by private lenders.

» Even more important is the tendency of government not only to enter high risk areas but to neglect to give due allowance for the degree of risk involved — illustrated by the progress of FHA into steadily higher risk operations without any corresponding revision of its premium charge.

Such considerations as the above are almost certain to make the government operation more expensive than the private one. *If government should charge less, it would be with the almost certain probability that, in the long run, part of the cost would be shifted from the borrower to the taxpayer.*

*See May issue for some data on this subject.

*See 1947 Annual Report of the Housing and Home Finance Agency, Part III, pages 107 and 113.

ECONOMY HOUSES

How Many?

FHA is encouraged by success Economy House program is getting but a $6000 unit still seems to be some time away

FHA is encouraged about the progress of the Economy House program. The agency concluded more than 300 Economy House meetings over the country and believes that the effort is beginning to pay off. But Administrator Foley is concerned about lower-priced rental units. They're still lagging and are far behind the demand, he says.

We are getting reports from cities in every section of the country of builders who are doing something about providing housing within the budgets of average wage and salary earners, and others, Foley said. He cited a builder in Buffalo who has under way several duplex houses with three bedrooms to rent for $80 per unit. In the same city, another has planned a rental project of 4½ room four-family buildings to rent at $75 a month.

FHA's Memphis office received in one week 203 applications for single-family low-cost houses, and 454 applications for low-cost rental units.

The Atlanta office received approximately 610 applications in less than a month, of which 46.3 per cent were for housing units selling for $7,000 or less.

In Detroit a builder is offering to construct houses selling for $6350, with $350 down and $6,000 mortgage for 30 years.

Reports as these cheer FHA and seem to indicate that the Economy House drive is taking hold.

But some statistics just compiled by the National Retail Lumber Dealers Association makes one wonder about the outlook for the Economy House because, according to these figures, we actually built more "economy" houses last year than we have been led to believe we did—thus casting some doubt as to whether the lower priced unit is all that is needed to keep the demand going.

According to these data, more than a million homes were constructed last year and over half of them sold for $7500 or less.

The lumber and building material dealers reports indicate a total of 1,057,000 houses.

This report appears accurate for independent government surveys coincide closely with these figures, a spokesman said. Government estimates, combining urban and farm homebuilding, set the total at about 1,080,000 houses. Bureau of Labor Statistics sets urban homebuilding for last year at 928,000. Department of Agriculture reports that in 1947 farm building reached 160,000; and there is no reason to believe that 1948 farm building fell below this figure. Farm

(Continued on page 13)

ECONOMY HOUSES COAST TO COAST

The Economy House is emerging from the discussion stage into the finished product all over the country. What is surprising to many now is the fact that last year we built more low cost homes than most people thought we did. The survey mentioned in this article shows that 56 per cent of the homes in 1948 cost less than $7500. Here are some typical low-cost homes over the country. (1) California, $7,280; (2) Pennsylvania, $8,650; (3) Minnesota, $9,000; (4) Illinois, $5,150; (5) Texas, $6,625; (6) Oregon, $6,500; (7) Colorado, $7,200; (8) New Jersey, $9,350. *Architectural Forum's* April survey of builders over the country shows that nearly half of those replying expect to build more houses in 1949 than they put up in 1948, and nearly three-quarters expect to bring the price tags on their new houses down below last year's levels. The $6,000 house asked for by FHA still looked out of the question to 63 per cent of the builders polled, but "a $6,500-$7,500 target seemed practical."

"The Economy House is still in the future," says *Forum*, "but builders are creeping up on it despite costs which make their operations anything but economical."


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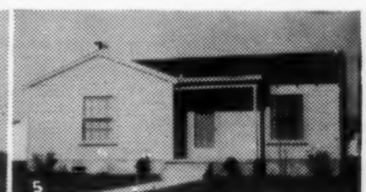
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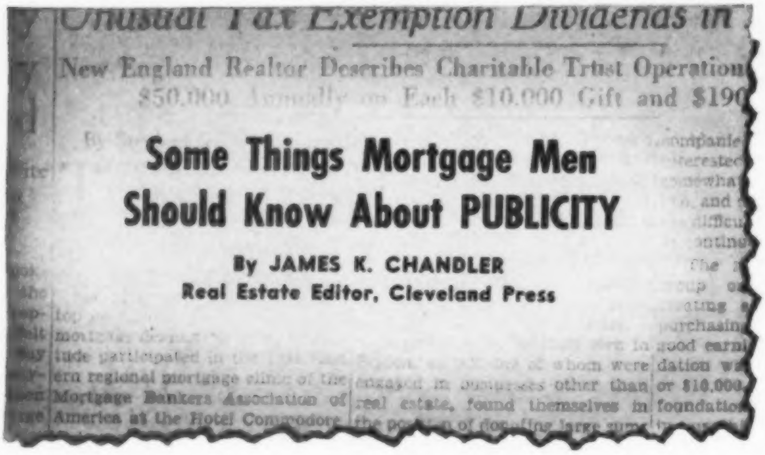


Some Things Mortgage Men Should Know About PUBLICITY

By JAMES K. CHANDLER
Real Estate Editor, Cleveland Press

"GOOD" publicity can help a mortgage banker's business in several ways. But first let's define "good" publicity.

Publicity should meet the test of interesting and informing a newspaper editor and, through the newspaper, thousands of readers. Last and least consideration should be whether it soft soaps the mortgage banker.

If the public is interested and informed, the public will be pleased. Some of them will make note of the source of the article—that is you, the mortgage banker, or your association. In the minds of those people you and your association have become an acquaintance. A few more honest and newsy publicity items and you will have become a friend to be trusted.

If, in fact, you are not to be trusted, all the publicity work you have done will boomerang upon you soon and any more you attempt will be entirely worthless.

If you stand ready to give further sound advice and information to all who seek it, you and your firm will, in not too long a time, be trusted and sought after more than it now is.

People you serve will spread the word and your publicity, backed by service, will snowball into lasting success.

There are two approaches to publicity immediately available to mortgage lenders:

» One is through the Mortgage Bankers Association (which already has built up a goodly measure of public confidence).

» The other is in reporting affairs of an individual business direct to a newspaper.

In both approaches you should have the double-barreled goal of assisting the newspaper real estate editor and of informing the public. No other aims will be completely successful.

In publicity it is the *incidental* benefit that is the only profitable payoff.

Here are suggestions for obtaining good publicity through your MBA:

» Cooperate with the MBA committees and urge that any phases of their work or reports which affect the public are put in writing and given to the newspapers—preferably to the real estate writer who is familiar with MBA. (If he or she is sick, give news to the City Editor.)

» Urge your local MBA Association to have a public relations committee and to keep these committee members thinking about means of producing good publicity.

» Volunteer to write "Pointers to the Public," and similar articles of information. The public is woefully ignorant about mortgage lending and most real estate editors know it.

MBA members and committees can furnish authentic guideposts to mortgage borrowing. MBA should have a wealth of suggestions on this matter.

When writing a news, background or information story, the writer should start his story with his name, linked with that of the association—such as "By MARTIN McADAMS, Ethics Chairman, Mortgage Bankers Association of Springfield."

This is the way *not* to start a story—"By MAD-MAN McADAMS, Springfield's 'Bargain Money Man,' 356 Guardian Bldg., MAin 1-8679."

However, the writer's address and phone number should be given in the upper right-hand corner of the first page of the "release," so the real estate editor can get more details and clear up any confusion that arises when he reads the original copy.

Local MBA Associations should, as many do, invite newspaper real estate editors to their meetings so that by their conversations, speeches and chapter action the editors may become familiar with MBA members' problems and attitudes.

It is not unknown for an MBA group to appoint a real estate editor to a committee, thus getting some free extra work out of him while at the same time letting his publisher know MBA thinks the writer is doing a capable job.

Most newspaper real estate writers have many things to do besides cover MBA meetings. Therefore, you will be helping the writer, as well as MBA, when you can obtain "advances" or summaries of what a visiting speaker expects to say at an MBA meeting.

(Continued on page 12, column 1)

Good public relations is more important to the mortgage lender than ever before and it will likely be even more important in the years ahead. For this issue, we asked two men who have observed this side of the mortgage business at close range to give MBA members the benefit of their thinking and experience. Each subject has its proper place in the conduct of your business.


Mr. Chandler

Mr. Chandler, who is a familiar figure at MBA meetings, tells some of the things to keep in mind about your relations with the press. He was a general assignment reporter for the Cleveland Press before he became full time real estate editor eight years ago. He is a past president of the National Association of Real Estate Editors and publishes The Realty Editor. He also serves as chairman of the publicity committee of the Cleveland Mortgage Bankers Association and writes regularly for Properties, a Cleveland magazine devoted to real estate and mortgages.

Some Things Mortgage Men Should Know About ADVERTISING

by VIRGIL G. BAKER
Real Estate Editor, St. Louis Post Dispatch

EVER since the heyday of the Mississippi showboats, the mortgage man has been the traditional villain in the piece.

Though the theater today presents the old-time melodrama only in burlesque, the widow facing foreclosure, Little Nell about to pay off by the sacrifice of her virtue, and the mortgage man as the heavy-browed stinker with the bull whip are figures deep-dyed in the tapestry of Americana.

For proof of it, one need look no further than recent activity in the national congress, wherein certain elements seek to cast the life insurance companies—which represent the greatest reservoir of funds anywhere assembled for the benefit of widows and orphans—in the role of the man with the bull whip.

If today's thinking is twisted a little, there seems not to be much realization that the theatricals of the Nineties are strong threads in the fabric of it; nor has there been any concentrated or sustained effort anywhere to dispel that thinking.

Favorable relationship with news dispensing personnel and an understanding of what constitutes news are important factors in the public relations program, but they can do only a small part of the job.

>> SPACE AND TIME: Concentrated and sustained effort means paid space and air-time on a planned and continuing basis. But no piece of advertising is worth the space—or the time—it consumes unless it contains an IDEA.

The old-time melodrama was good theater for its day because it contained an idea—that the mortgage man was a villain. In the land-grabbing westward rush of this pioneering nation, when land was worth more than money, that idea no doubt had some basis in fact. Today, it "ain't necessarily so."

Mortgage men today aren't interested in foreclosing; they'd rather have their money back as scheduled so they can meet payrolls and put the principal to work on another job, but have they bothered to tell anybody that?

The average mortgage loan advertisement occupies two or three lines of the smallest type available in the classified departments. They say:

"Money to Loan on First Mortgages"
"Residential—Flats—Business"
"Joe Whoozis & Co."

—

"We make real estate loans, any plan"
"Smith & Smith, Inc."

—

"Four per cent interest on well-secured real estate; quick reply."

All very dignified, to be sure. But is it any way to talk to a man who is going to have to borrow $7000 for the first, perhaps the only, time in his life and is scared to death to do it?

>> DANGEROUS: Dignity is dangerous. It is too easily mistaken for stiff-necked indifference. Moreover, it can lead to hardening of the arteries—the arteries of the dignified.

Anybody who is in the business of lending money has money to lend, hence the mere statement of it is no idea for an advertisement. It would cost a little more and it would take a little more space in the newspaper column to be sure Joe Doakes would see it; but, wouldn't it be better to say:

"There's no place like home, and we're here to help you own one."

—

"It's our business to help you make more business for your business."

—

"It's no sin to have to borrow money. With the right plan, you can be a better man."

Life insurance companies supply a goodly percentage of mortgage funds, but life companies, for the most part, haven't had to be concerned with advertising the mortgage end of their business (maybe they should have been). Except for National of Vermont, which has done some advertising in national mediums of its post-war "packaged mortgage," most insurance companies have aimed their advertising at the health angle.

(Continued on page 12, column 3)

Mr. Baker is real estate editor of the St. Louis Post Dispatch and has quite a reputation in his field because he doubles in brass on the paper—handles editorial and knows the advertising end as well. He notes that the life companies have done a great amount of advertising in the past but, with a few exceptions, have never emphasized the mortgage lending end—and says that it seems like a good idea to him. Some of his suggestions may startle lenders a bit but the general idea he has in mind is that we had better get away from some of this stiff, formalized phrasing and really talk to our prospects. He believes newspapers remain the mortgage man's best single advertising medium—a fact which has always been agreed upon whenever this subject has been explored at past clinics. We have an idea that advertising is likely to play a larger role in the mortgage business in the future. Mr. Baker has some thoughts on the subject that may help put you on the right track.

Mr. Baker

1949 MORTGAGE CLINIC IN NEW YORK WAS LARGEST YET HELD IN BIG TOWN

MBA's 1949 Mortgage Clinic at the Hotel Commodore in April turned out to be the biggest regional meeting the Association has sponsored there. Attendance ran around 460 which means a Clinic attendance in New York and Chicago this year of around 1,000.

To call these "regional" Clinics any more is a misnomer because attendance is from just about everywhere. In New York, our registration list showed delegates from 33 states; in Chicago we had them from 35. At the Commodore, New York City registration was more than 70, 59 from New Jersey and 42 from Washington, D. C.

Now, follow the Clinic camera around the ballroom floor for some views of our members. (Captions read left to right of course.)

No. 1. On the speakers' rostrum, opening morning, W. Walter Williams, former MBA president and now chairman of the CED. Mr. Williams was the first speaker and then flew to Washington to witness the signing of the North Atlantic Pact; Raymond M. Foley, HHFA administrator; Lawrence Clayton, member of the Federal Reserve Board; Oliver M. Walker, Walker & Dunlop, Inc., Washington, who received high praise for an excellent job of organizing and conducting the Clinic; and President Aksel Nielsen, Denver, who arrived in New York for the opening session after addressing the Florida MBA and a short trip over to Nassau with Mrs. Nielsen.

No. 2. Scene at Registration desk. Note sign announcing change in program—first time we ever had to do that but it was decided at the last minute that a night session in New York just wasn't practical. Mrs. Melvin and Miss Cevasco are the ladies serving Paul Swett of Baltimore and Tom O'Toole of Wilmington. They have been handling MBA meetings in New York for many years. What the shot doesn't show is the general lack of interest in radio broadcast tickets (we had about 400 of them for Manhattan's biggest shows but few customers) and the other end of the ballroom corridor where Curtiss Wright's big Span of Flight exhibit was noisily competing with us for attention.

No. 3. C. A. Mullenix, Mullenix Mortgage Co., Cleveland; William A. Curtin, William A. Curtin & Co., Inc., Hartford; and T. B. O'Toole, T. B. O'Toole, Inc., Wilmington.

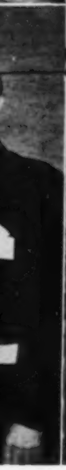
No. 4. J. Halperin, J. Halperin & Co., Jamaica, N. Y.; Ray F. Eisenhardt and Edgar S. Blatherwick, Buffalo Savings Bank, Buffalo; Joseph N. Gorson and Harry Glazer, Fidelity Bond & Mortgage Co., Philadelphia.

No. 5. Raymond C. Lambert and Raymond L. Quay, Delaware-Montgomery Mortgage Co., Upper Darby, Pa.; M. F. Townsend, First Mortgage Corp., Philadelphia; and Frank O. Schlipp, Rambo & Mair, Philadelphia.

No. 6. C. E. Runkle, Western Finance Co., Detroit; William P. Carson, Colonial Mortgage Service Co., Upper Darby, Pa.; C. Armel Nutter, Nutter Mortgage Service, Camden, N. J.; Clinton I. Evans, Camden, N. J.; and Lawrence A. Epter, Lawrence A. Epter & Associates, New York.

No. 7. Irvin N. Clary, Paterson Savings & Trust Company, Paterson, N. J.; and John C. Thompson, New Jersey Realty Company, Newark.

No. 8. William F. Butler, Jr., Howard J. Ludington & Co., Rochester, and George S. Goodyear, George S. Goodyear Mortgage Co., Charlotte, N. C., look over a recent issue of The Mortgage Banker.



A DEPRESSION ISN'T "INEVITABLE OR EVEN PROBABLE" DECLARES WILLIAMS

It is neither "inevitable or even probable" that the United States will have a severe depression, W. Walter Williams, chairman of the Committee for Economic Development, and former MBA president, told our New York Clinic. He listed six factors which he considers necessary to maintain prosperity.

>> BETTER SYSTEM: "First, that we should appreciate that our economic system has much greater capacity for maintaining stability than it ever did before. There are a number of the cushions or built-in stabilizers, such as unemployment compensation and farm price supports, which would tend to restrain any run-away movement.

"Perhaps more important is the clear determination of the American people not to have another serious depression, and the growing evidence of agreement on the monetary and fiscal policies to be used to prevent another serious depression. There is no reason to believe and we should not think that the bottom is likely to fall out of our economy at any moment, because this would be wrong.

>> COOPERATION: "Second, we need to get a two-sided understanding between business and government. We need to work out and clarify an agreed policy which serves the common interest of all of us in maintaining stability in a free enterprise system.

>> LABOR: "Third, business and labor must recognize that there is a need for continuous increase of consumers' real income as productivity grows and that an attempt to force the increase of real incomes much beyond the growth of productivity cannot succeed but can only lead to inflation or unemployment.

>> WAR OVER: "Fourth, many businesses still need to learn that the war is over, that their particular sellers' market is gone, and that they must resume the normal practice of pricing and marketing their products aggressively to promote sales. The number of persons employed in trade today is considerably lower in relation to manufacturing employment than it was before the war.

>> HALT TAX RISE: "Fifth, we should try to use our large federal budget in a way that will help to stabilize the economy. If we get some decline in national income and in consequence some decline in tax revenue, we should not try to restore tax revenues by raising tax rates. That would only result in a further decline in the national income.

>> U. S. CAN ACT: "Finally, we must be prepared to use to the full the instruments which the government has in its monetary and debt policy for preventing depression.

ABOUT PUBLICITY

(Continued from page 8)

Many speakers are flattered to be asked to provide an advance. Others are too dumb to take advantage of the advance technique although they should know it helps them and, particularly, the group before which they are to speak.

It is a good idea to give to the real estate editor a list of your members, so that if he wants to check up on a given mortgage lender he can tell easily whether he is a member of the association.

Many real estate editors, when asked to recommend a mortgage lender, first ascertain whether a man who comes to mind is a member of an accredited mortgage lending group.

Be sure that the newspapers are offered pictures of new officers when they are elected—pictures which may be left in the newspaper libraries in case other honors come to these men in the future.

Many a picture has not been run when an editor would gladly have published it, just because no picture was in the "morgue" and there was no time to send for one.

If the new MBA officers do not have pictures to lend a newspaper, ask the city editor whether he can take the pictures in the newspaper office. Most city editors and real estate editors appreciate this offer.

Sure, some newly-elected officers act as though they were too bashful to have their picture in the paper. Sell them on the idea it's for the good of the order, because that's exactly what it is.

Opportunities for a mortgage banker to obtain direct publicity, detouring the association approach, are infrequent.

However, many newspapers gladly publish additions to the staff of a mortgage lender and promotions within the staff.

More important, if a mortgage lender can tip off a real estate writer about a newly-closed deal, that tip will not go unrewarded, as time goes on.

Some mortgages are news by their very amount. These should be relayed to real estate editors immediately.

Another way to get good publicity is to offer regular tabulations on mortgage filings in your county, or some other statistical service you have within your office for your own information and do not mind disclosing to the public.

Only a "big" mortgage lender should attempt to air his personal views through publicity. First question a reporter will ask himself is "Who does this guy think he is, anyway?" Only if the answer is satisfactory is such publicity likely to see the black of ink.

Sometimes an idea will pop into your head and you will say to yourself: "This ought to make a good newspaper story!"

Don't pick up the phone and assure a real estate editor you have a front page story. He is getting paid for challenging every statement he hears.

The thing to do is to drop him a note, saying "I have an idea that a story about such-and-so (give a clue as to your subject) might be interesting to your readers. Drop in, when you have a chance, and let's talk it over."

That approach will snare a real estate editor every time. He thinks it's *his* idea to investigate your tip. And it is.

ABOUT ADVERTISING

(Continued from page 9)

An institutional and educational program of advertising addressed to the borrower of life company funds—individuals, small business, others, would seem to be in order.[1]

›› TALK NATURALLY: The borrower (not only the man who's going to raise $500 or $1000 against his own policies, but the more general insurance money borrower who gets his funds through a mortgage banker) isn't likely to be reading a magazine. He's more likely to be browsing through his local newspaper to keep abreast of daily events. And, if he's at the point of purchase, chances are ten to one he'll be checking diligently through the classified advertisements.

The mortgage banker, at the local level, will be likely to find the classified columns his best paying medium, provided he is willing to abandon the stilted, formal statement that he's in business and really TALK to his prospects.

ECONOMY HOUSES

(Continued from page 7)

building construction averages approximately 110,000 a year.

The data says that 56 per cent of the houses reported sold for $7500 and under, with a further breakdown of 20 per cent selling for less than $5000.

With average family incomes in towns of 50,000 and less population set at $2800, the survey shows that at least half of the houses built last year were within the price range of the average family even in the smaller communities. The average income in metropolitan areas was over $3000, which brings well over half the homes built within range of the median American budget.

In the hundreds of replies received, a definite pattern was established between the cost and the size of the house. On the average, houses under $5000 had 1½ bedrooms; those in the $5000-$7500 bracket had 2 bedrooms; and those above $7500 had 2½-3 bedrooms.

This same pattern was noticeable in the land costs. Average land costs for homes under $5000 was $780; average lot costs for houses selling between $5000 and $7500 was $865; and for houses selling above $7500, average lot cost was $1000. On a nationwide scale the survey indicates that about the same number of homes were built over $10,000 as were built under $5000.

The survey indicates that the highest cost area in which to build a home was the section comprising Wyoming, Colorado, Utah, Arizona and New Mexico. Next highest was the Atlantic Coast area, including Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, Maryland and Delaware.

Lowest cost area was that section comprising Nebraska, Kansas, Missouri, Arkansas, Oklahoma and Texas. Next lowest was the section including North and South Dakota, Minnesota and Iowa.

Going back to the *Forum's* survey, how are we going to get this lower cost home?

One answer to the cost-cutting problem comes from the 62 per cent of respondents in the survey who plan to shave the square footage in their houses. Other answers add up to giving the homebuyer more for his money with the help of "better floor plans, more site prefabrication, closer supervision, competitive buying of materials and smaller profit margins." Many builders said that material costs are coming down; that labor productivity is improving; that "the quality of materials and workmanship is better than at any time since the war."

As to getting more rental housing which, as said before, is one of things bothering FHA at the moment, the Construction Industry Information Committee puts the finger on the reasons why we aren't getting it.

There are three ways by which the construction of a larger quantity of privately-built rental housing could be stepped up to overcome the unprecedented decrease in the rental supply during the last nine years, it says.

"The three related courses of action are: » Devising and adopting techniques for reducing the cost of building rental housing, so as to lessen or offset the inflationary pressures on the building industry; » Adopting a plan for the orderly elimination of rent controls and; » Examining the tax and fiscal policies of the government to determine ways of encouraging greater investment of capital in rental housing.

"A thorough and objective study of the postwar rental housing situation indicates that rent controls primarily are responsible for the fact that more than 3,000,000 rental units have left the rental supply, creating the abnormal condition in which we now have 760,000 fewer rental units than we had in 1940. This has occurred in spite of a record-breaking increase of 6.6 million units."

Whatever we say or do about rental housing, all winds up at the principal factor in the whole business—what is this country going to do about rent control?

Mr. Woods announced the government's formula for rent increases the day this issue went to press; and at first glance it appeared to offer little hope of substantial relief.

1949 MBA EVENTS

June 20-25, Chicago, MBA-Northwestern University Mortgage Banking Seminar.

September 19, 20 and 21, Chicago, 36th Annual MBA Convention and Exhibit, Palmer House.

BENNER IS PRESIDENT

Claude L. Benner has been elected president of Continental American Life Insurance Company, Wilmington, and Edwin C. E. Lord, Jr., who has been manager of the mortgage loan department, was elected vice president in charge of investments, a position formerly held by Mr. Benner. Adolph A. Rydgren was named chairman of the board. Mr. Benner began with Continental in 1928.

Harry H. Hall has resigned as assistant manager of the investment department of Modern Woodmen of the World and will establish an office for the sale, appraising and financing of real estate.

THOMAS E. COLLETON IS NAMED PRESIDENT OF NEW JERSEY MBA AT ANNUAL MEETING

The years of super-boom are over, we are in an adjustment period and are "shaking down" to normal levels, Thomas E. Colleton, president of the Clinton Title and Mortgage Guaranty Company, Newark, and newly-elected president of the New Jersey MBA told members in his address at the annual meeting of the Association. Colleton succeeds Milton T. MacDonald, vice president, Trust Company of New Jersey, Jersey City. Carton S. Stallard, Jersey Mortgage Company, Elizabeth, was elected first vice president; Addison K. Barry, National Newark & Essex Banking Co., second vice president, and Jacob Kraus, Colonial Life Insurance Company of America, treasurer. The meeting was held in Hotel New Yorker, New York.

"We find customers getting more careful in their buying and demanding greater value. We have discovered that the pressure on the buyer has disappeared; and it is the seller who is under pressure today. Does this mean that the decline is going to develop into a major economic depression? I think not. The trend is downward and will probably continue that way, but the national income is still high; but so are savings and employment and so is the demand for housing, especially in the low brackets.

Healthy Readjustment

"It looks as though this is just a healthy readjustment, one which will prove beneficial to the whole economy. We have got to face it realistically and admit that there is a downward trend. We have got to recognize that the whole industry is being challenged to lower prices or give better values—probably both.

"We must work harder, longer, more intelligently, and more resourcefully. We will find that the FHA Economy House program will help make builders in all brackets economy-conscious, and will result in lowering the prices of all houses. We will discover again that lower prices do stimulate sluggish markets and do induce consumers to buy.

"If we remember that the boom days are over, that we are returning to the smaller volume of normal years, that we must be alert and adaptable, that we must avoid over-building as well as over-pricing, that we must give better value, lower prices and

(Continued next page)

And now follow THE MORTGAGE BANKER camera around for a look at the New Jersey meeting. (Captions left to right) No. 1, top photo shows speakers' table and group.

No. 2—Robert E. Goldsby, past president 1947-48, and president, Jersey Mortgage Company; Mr. Colleton and Mr. MacDonald.

No. 3—Warren J. Lockwood, assistant FHA commissioner and former head of the agency in New Jersey, addressing the Association.

No. 4—Arthur G. Pulis, director and president, Franklin Mortgage and Title Guaranty Company; Mr. Goldsby; Mr. Kraus; Mr. Barry; Philip Zinman, director, and president, South Jersey Mortgage Company; Mr. Colleton; Mr. MacDonald; Mr. Stallard; Fredric S. Bayles, executive secretary, and vice president, Garden State National Bank, Teaneck; and William J. Church, director, and president, West Hudson National Bank, Harrison.

better service, then it seems to me that when 1949 comes to a close and we balance the books for the year, we will find, despite the present confused and troubled outlook, that 1949 was a pretty good year after all."

Developments in other MBAs:

» TEXAS: *See pages 16 and 17*

» PHILADELPHIA: This local association, headed by C. Armel Nutter, Nutter Mortgage Service, as president, began the publication in April of the *Philadelphia MBA Newsletter*. Initial issue featured a round-up of the Philadelphia scene by Dolph W. Zink, Eastern Mortgage Service Co., comments by the president, Washington News by M. R. Massey, Jr., Peoples Bond & Mortgage Co., and statistics of lending in Philadelphia. The publication is a professional piece of work. Other local groups should ask Armel Nutter for copies.

Governors of the Association met April 11, the group's next meeting is May 16 and in June it will sponsor a Clinic with Gordon Burlingame, vice president, Bryn Mawr Trust Company, as chairman.

» CINCINNATI: President Aksel Nielsen addressed members of Cincinnati MBA at their recent meeting. Robley Simpson was chairman of the program committee.

» UTAH: E. John Cook, vice president, Union Trust Company, Salt Lake City, succeeded A. M. McDonald as president of Utah MBA. Elwin F. Smith, Zion Savings Bank and Trust Company, was elected vice president and J. E. Benedict, Tracy-Collins Trust Company, was named secretary-treasurer.

» AUSTIN: Interest rates remain today on a reasonable basis, Dave L. Treadway, retiring president, Texas MBA, told members of the Austin MBA at their meeting. A. H. Cadwallader, Jr., San Antonio, also addressed the group. Morris Alford, Austin president, reported on the Economy House program and the project for negro occupancy in that city.

» NEW YORK: Members of the New York MBA scheduled their regular meeting to coincide with the opening day's session of the MBA's New York Clinic. About 150 attended the luncheon where Ex-Gov. Hoffman of New Jersey was the featured speaker.

DECLARES EVERY CITY OUGHT TO MAKE OWN SURVEY TO DETERMINE HOUSING NEED

Warning that the groundwork is being laid in Washington for direct mortgage lending by the federal government, President Aksel Nielsen told members of the Greater Miami MBA, in his address there, that the step would be an important one toward a socialistic state and that those who believe in free American enterprise cught to oppose it vigorously.

"We're turning socialistic because it's the easiest course to follow."

Seeing Miami: left to right, Isidoro Quintana, First Mortgage Corp.; Fred W. Crozier, Florida Bond & Mortgage Company; President Nielsen; Frank Strubbe, Frank Strubbe & Co., and president, Greater Miami MBA; and Robert S. Kistler, The C. W. Kistler Co., secretary.

He warned that "the mortgage lending policy of all banks and other institutional investors must seriously consider the social responsibilities of private enterprise to properly finance the housing of the nation."

He urged mortgage bankers and real estate men in all communities "to get down to brass tacks" on their housing needs.

"Find out whether you really have a housing shortage. An actual study of your needs, I think, will show surprising results."

President Nielsen said that mortgage lenders and real estate men in his home town of Denver make a check—through postmen—of every vacancy once a year. The figures are then analyzed by the University of Denver, and the precise needs are determined. "We must," he said, "guard against over-building."

But something must be done in the way of good housing for low-income groups, he continued.

He expressed alarm at the rapid growth of savings in the last few months, not because of saving itself, he said, but because of the fear behind it. "They're looking for security," he added. "And this accumulation of money may, of course, lead to unwise bidding for mortgage loans among lenders."

C. W. Kistler, MBA regional vice president, introduced President Nielsen. Frank Strubbe, president of the Greater Miami MBA, presided.

» PITTSBURGH: Members of the Pittsburgh MBA are supporting a movement to broaden the Allegheny county tax base. John C. Phillips, who heads this Association, has been seeking cooperation from all groups to get action on the plan.

» CHICAGO: The Chicago MBA has begun a series of educational meetings designed to attract junior executives and other employees as well as the principals of the member firms. At the first meeting, members heard panel discussions on "Commercial Loan Underwriting," by F. Z. Gifford, president, Republic Realty Mortgage Corp.; "Problems of Industrial Financing" by William L. Leighly, vice president, Dovenmuehle, Inc. and "Yardsticks for Measuring Corporate Mortgage and Lease Credits" by Robert H. Pease, vice president, Draper & Kramer, Inc.

» DETROIT: Detroit MBA members sponsored an all-day Clinic with the morning given over to VA problems and the afternoon to FHA, followed by a banquet in the evening. Rodney Lockwood, president, National Association of Home Builders, was the guest speaker, talking on the relation of builder to the mortgage company.

VA appraisal was handled by William B. Grabendike and VA foreclosure by M. E. Goetz and William Visscher. Archer F. Ritchie, National Bank of Detroit, was moderator. FHA plans were discussed by Walter L. Greene, first assistant FHA commissioner. The Economy Housing program was discussed by Howard Leland Smith, Geo. A. Bremer and W. J. Lockwood of Washington. Walter J. Gessell was moderator.

» CLEVELAND: At their recent meeting, Cleveland MBA members heard an address by Paul A. Dunn, known as the "flying realtor."

BIG DOINGS IN TEXAS ☆

It was the 33rd annual convention of the Lone Star Staters and in tune with Texas it was bigger and better than ever before

EXCEPT for MBA's annual convention, the largest and certainly the liveliest get-together of mortgage men in any one place at any time during the year is — naturally — in Texas.

This Spring, for the 33rd year — that's just three less than MBA has been convening—members of Texas MBA again got together for another of their famed conventions. Place: Houston, rich, progressive and boomingest city in the country, where you'll also find one of the country's largest single mortgage loan operations (255 employes). Locale: the lavish, plushy, new Hotel Shamrock, which, at the moment, is the world's best known hotel and, say those who have seen it, lives up to the tub-thumping.

» TEXAS AND ALL OVER: Texas MBA meetings are always a magnet. More than 550 attended this one, coming from at least 20 states and the District of Columbia. Dallas sent more than 100, and there were delegations from 16 other Texas cities. MBA President Aksel Nielsen, MBA Presidential Nominee, R. O. Deming, Jr., and four MBA past presidents, E. D. Schumacher, Memphis, Owen M. Murray, Dallas, Guy T. O. Hollyday, Baltimore, and W. Walter Williams, Seattle, were there. Life insurance men from everywhere showed up. FHA, VA and RFC men from Washington and mutual savings bankers from the East were on hand. To call it a Texas meeting is a misnomer—as is the association's own name because it has members in Alabama, Maryland and New York.

» THEY ELECT: At each Texas convention a new administration moves in as another moves out. This year J. D. Ansley of San Antonio was elected president to succeed D. L. Treadway, Dallas. Vice presidents named were Fred Flynn, Harlingen; Alvin E. Soniat, Fort Worth; and H. A. Crabb, Houston. J. DuVal West of Dallas was re-elected secretary-treasurer. Directors elected were Oakes Turner, J. W. Jones, and J. F. Murray, Dallas; S. J. Guthrie, Waco; and John Whitmore, Houston.

» WHAT THEY SAID: The mortgage business was dissected from A to Z. Texas likes a full program. FNMA, FHA, RFC, foreign affairs, domestic affairs, Texas affairs, insured lending, conventional lending, how to get business, what it costs to handle it after you get it—all this and more was on the Texas agenda, including an intriguing paper on "How to Make the Borrower Happy and Make Him Pay," by Alvin Soniat. More specifically:

» Franklin D. Richards, FHA commissioner, told the Texans that they've done pretty well in low-cost housing but urged even greater efforts—"to the limits of reasonable financial risk."

» Ralph F. Andrews of the VA in Dallas, on the other hand, thought that private enterprise wasn't doing the job it could and should be doing in Texas, citing the fact that only 6 per cent of Texas construction was for sale at $6000 or under.

» James Teeling, Dallas, said the "time has come when mortgage bankers must get from behind the desk and hunt business. Housing construction must be primed if we are to maintain the business volume of recent years."

» W. Walter Williams, chairman of the CED and former MBA president, said that the Marshall plan is steadily making headway in Europe against the encroachments of communism.

The voyage down the Houston canal. Left to right you see: 1, the fish; 2, guide; 3, President Nielsen; and 4, Buck Walton —with no report available as to who caught the fish, how many or weight of any.

He said if Americans take a long-range view of Russian influence in world affairs, there is reason for encouragement.

"After the war ended, Russia took advantage of a sort of vacuum that existed, and spread out in an astonishing way. We are slowly making inroads against Russian communism, and we shall win out eventually."

» T. S. Burnett, vice president of Pacific Mutual in Los Angeles, declared our national government needs a strong financial policy as it needs a strong foreign policy.

"The time is overripe for a thorough reexamination of our national interest rate policy. Interest is not only a cost to our society, but also is an income. Artificially low interest rates put a heavy burden on the American people in many ways.

"Accumulated savings and venture capital are diminished, higher cost of insurance results and there are less funds for education, research and hospital care.

"The attitude of the VA and FHA on certain classes of loans has not been too realistic. Interest rates must be permitted to have some flexibility."

» MBA President Aksel Nielsen tickled Texas ears when he declared people of the Lone Star state are setting an example for the country in vigorous independent thinking and speaking out against socialized trends in Washington.

"Texas is noted for its individualism. Texans are not so prone to follow the leader, as has become a too common inclination throughout the country. Texans usually are not looking for something for nothing which has become all too common since the beginning of present trends with enactment of social legislation."

Nielsen urged that city governments enforce codes that set penalties on property owners whose holdings do not meet healthful building, fire and sanitation standards.

"This is not a do-gooders' overnight proposition. It is a slow, gradual process that must be worked out if American cities are to rid themselves of slums.

"The American public is coming more security minded. It is putting money into insurance and savings rather than into venture capital. That

(Continued on page 19)

The excitement and — this year the glamor—of a Texas MBA meeting is always evident and can be quickly felt from some shots of the roving cameraman. All captions read left to right:

No. 1 Speakers table at the dinner-dance in the Shamrock's ornate Emerald Room. Top row seated—MBA Secretary George H. Patterson; Guy T. O. Hollyday, Baltimore; Aksel Nielsen, Denver; Franklin D. Richards, FHA Commissioner, Washington, D. C.; T. A. Robinson, Houston; A. H. Cadwallader, Jr., San Antonio; Donald C. Fitch, Dallas; R. D. Buck Walton, Houston; Frank Wolff, San Antonio; Allyn R. Cline, Houston; T. A. Blakeley, Dallas; Aubrey M. Costa, Dallas; and W. A. McKinley, Dallas.

Second row, seated — DuVal West, Dallas; J. D. Ansley, San Antonio, Texas MBA's new president; W. Walter Williams, Seattle; D. L. Treadway, Dallas; Owen M. Murray, Dallas; Fred Flynn, Harlingen; and Alvin Soniat, Ft. Worth.

Bottom row, seated—Mrs. Aksel Nielsen, Mrs. DuVal West, Mrs. Alvin Soniat, Mrs. Fred Flynn, Mrs. D. L. Treadway, Mrs. T. A. Robinson, Mrs. A. H. Cadwallader, Jr., Mrs. Donald C. Fitch, Mrs. R. D. Buck Walton, Mrs. Frank Wolff, Mrs. T. A. Blakeley, Mrs. W. A. McKinley, and Mrs. Owen M. Murray.

No. 2. At the afternoon session, first day: G. D. Brooks, National Life and Accident Insurance Co., Inc., Nashville; Donald C. Fitch, Travellers Insurance Co., Dallas; D. L. Treadway, retiring president, Texas MBA, Dallas; MBA Secretary George Patterson; T. S. Burnett, Pacific Mutual Life Insurance Co., Los Angeles; and MBA President Aksel Nielsen, President, Title Guaranty Company, Denver.

No. 3, opening session, on the rostrum: Hon. J. S. Griffith, Mayor Pro Tem of Houston; Allyn R. Cline, member MBA board of governors; Glenn McCarthy, Owner of the Shamrock; Mr. Treadway; and Rev. Herman T. Morgan.

No. 4. On the rostrum again, but some different people: Franklin D. Richards; Mr. Treadway; Aubrey M. Costa, Chairman, MBA Membership Committee and member, board of governors; and Walter I. Phillips, RFC, Houston.

No. 5. Some familiar faces: R. O. Deming, Jr., Oswego, Kan., MBA presidential nominee for 1949-50; Aubrey M. Costa who also headed the Texas convention arrangements committee which included A. H. Cadwallader, Jr., R. D. Buck Walton, H. A. Crabb, W. Cecil Sisson and James T. Teeling who acted as sergeant at arms. Mr. Sisson was "admiral" in charge of the yacht trip down the Houston Ship canal. Other Houstonians who furnished yachts for the trip were Sterling Hogan, J. C. Suttles, George W. Parker, Jess Little, John S. Dunn and the Port Commission; and, finally, the man on the right is of course Stanley Trezevant, MBA board of governors, Memphis.

No. 6. Rooted in Texas MBA traditions is that famous fishing trip of American General Investment Corp., Houston. Fish were caught and here are some of those who did their catching. (The others you see are guides, retainers, et cetera.) Top row: B. D. Tucker, R. D. Buck Walton, A. H. Cadwallader, Jr., Aubrey M. Costa, George H. Patterson C. C. Crim, Charles N. Peck, and Dan McCrary; second row: Donald Fitch, John McCallum, George Humphreville, J. D. Ansley, Aksel Nielsen, Allyn R. Cline, DuVal West, T. A. Robertson, Jr., W. A. McKinley, and J. W. Jones; bottom row: maids and guides and, at extreme right, D. L. Treadway and H. A. Crabb.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PLANS FOR 1949 CONVENTION BASED ON ANTICIPATED LARGEST MBA ATTENDANCE

With the opening of MBA's 36th annual convention at the Palmer House, Chicago, September 19 to 21, around four months away, our program-planning is well underway and from now on members can expect a steady flow of announcements about the meeting.

One of the first items of business is your hotel reservation, forms for which you recently received. As always, we advise prompt action on this to insure the type of accommodations you want and avoid disappointment later.

The first development to take shape in any MBA convention is the annual exhibit, work on which begins immediately after the close of the previous meeting. The 1949 exhibit is practically complete. So far these large nationally-known companies have contracted for participation:

Briggs Beautyware	P. & H. Homes
General Electric	Hartford Fire
Crane	AVCO (Crosley)
Monroe Calculator	IBM
Friden Calculator	Frigidaire
Kelvinator	Modernfold Door
National Cash Register	Kohler Co.
Stransteel	American Radiator
National Radiator	Portland Cement

The attractive displays of these companies will circle the exhibit hall with our registration and information desk directly in the center. The hall thus becomes the center of all convention activity.

THIS YEAR WE HAVE SOMETHING BRAND NEW: A MORTGAGE SERVICING CENTER

At this year's convention, members will be offered a brand new feature, one that, as far as we know, has never been offered at any meeting before.

It is our new Mortgage Servicing Center and, in effect, is an entirely separate convention program to run concurrently with the main show in the ballroom.

Here are the highlights of the Mortgage Servicing Center:

>> You will hear talks on all phases of mortgage servicing—tested methods of speeding up your servicing, how to handle it more economically, short cuts, procedures that can be changed or eliminated altogether.

>> You will hear representatives of large bookkeeping and accounting machine manufacturers tell how their products can give you more modern efficient servicing.

>> You will find experienced personnel available for individual consultations on special servicing problems.

All this results from the conviction that what the mortgage industry needs as much as anything else right now is a streamlined servicing operation with every cutable corner cut for maximum efficiency and profit.

Many mortgage firms which are now handling their servicing on a manual basis will find that a machine operation will be cheaper and we intend to demonstrate that fact to them. Others retain procedures which they can dispense with, and we hope to point up these savings to them.

The Mortgage Servicing Center will open on the morning of the first day and probably run for two full days.

The most important factor in it for MBA members at the moment is for them to plan immediately to bring to the Convention their office manager, bookkeeper or the person who has charge of the servicing. It is anticipated that the Center should attract an entirely new and separate convention audience, one that heretofore has not consistently attended our meetings.

SERVICING BOOK WORK PROGRESSES

Editorial work on MBA's first Mortgage Servicing Handbook—and first such work ever published—has now reached the chapter on cost accounting. William I. De Huszar, who is writing the book, recently inspected the servicing operations of large mortgage firms in Baltimore, Washington and Philadelphia and a second trip took him to Jacksonville, Fla., and Birmingham, Ala., where he reviewed the machine bookkeeping and accounting methods of a correspondent firm and a life insurance company. More field work is in the offing.

Thus the Handbook will bring together for the first time the results of some of the most successful and economical servicing operations today.

Six chapters have been completed and there are still six more on which the research and writing by Mr. De Huszar and Frank J. McCabe has yet to be done.

R. O. DEMING, JR. IS THE NOMINEE FOR MBA PRESIDENT FOR 1949-50

R. O. Deming, Jr., president of The Deming Investment Company, Oswego, Kan., has been nominated for MBA president for the 1949-50 term, it was announced by Aubrey M. Costa, Dallas, chairman of the nominating committee. The complete slate of officers, governors and regional vice presidents submitted in the nominating committee report at the spring board of governors meeting will be published in the new issue of The Mortgage Banker. Election is scheduled at the 36th annual convention in September.

Mr. Deming will become the first man to be elected Association president whose father had previously held the same position. The late R. O. Deming, Sr., headed MBA in 1923-24, when it consisted principally of farm mortgage bankers. The Deming Investment Company, established in 1880, was also a charter member of the Association and has been active in its affairs from the beginning.

Mr. Deming was elected to the board of governors in 1935 and has served on a wide range of committees. He has been active in MBA's farm mortgage division.

He is a member of a pioneer Kansas family and entered the family enterprises in 1914, after graduation from college.

ANOTHER RECORD ATTENDANCE IS SEEN FOR 1949 MORTGAGE BANKING SEMINAR

From the standpoint of improving conditions in mortgage lending, one of the most worthwhile contributions your Association now makes is its sponsorship of the Mortgage Banking Seminar, the second annual edition of which is scheduled for the Chicago Campus of Northwestern University, June 20-25.

Members have received the booklet giving complete details of the faculty, subjects to be covered and general arrangements. Everything that proved most valuable in the course last year has been retained; and, in addition, a great deal has been added—new subjects, expansion of many of those covered last year, new slants and new methods of presentation.

This is the only opportunity any mortgage firm has to send some of its younger men, as well as those already established in the business, to an educational course where they can secure a complete, well-rounded knowledge of all the elements that make up our industry. Every MBA member ought to look upon the Seminar for what it is: a unique and valuable opportunity to make an investment in his business, the most important investment he can make because it is an investment in personnel, the key factor in any business success.

Frank J. McCabe, director of education and research, is receiving applications daily and another banner attendance is assured. If you haven't sent yours in, do so now.

In an effort of this kind, which is expensive and time-consuming to plan and execute, the Association is interested in being of maximum service to its members. It is seeking representation from as many member firms as possible.

TEXAS MBA

(Continued from page 16)

is why insurance firms have more money to buy home loans with.

"But when money runs for cover rather than to expand or start new businesses, that cuts down employment and subsequently the buying power of the public."

Nielsen said MBA wholeheartedly backs the Hoover report which recommends that the VA home loan program be turned over to FHA. It would eliminate two sets of appraisers, duplication of paper work and other functions now performed separately.

NOT ALL SPEECHES: Old traditions of Southern hospitality are as deeply rooted in Texas as anywhere. Texans like to display them and they have the energy and inclination to do so. Mixed in with the serious business at hand, Texas MBA conventions include plenty of the kind of entertainment that makes outlanders — that's anyone who's not a Texan— long remember one of these meetings. The Dallas MBA entertained; so did the title companies of Houston and the Houston MBA. There was a yacht trip to the San Jacinto battle grounds, an inspection of the battleship, Texas, and a speech-less luncheon but a good barber-shop quartet keeping things moving. Howard Ludington of Rochester, erstwhile party-guide, gave another of his excellent receptions. The late T. J. Bettes and Mrs. Bettes entertained in their show place in the lovely River Oaks section of Houston. National Life of Vermont gave one of those incomparable maple syrup breakfasts. American General Investment Corp. took a party on a fishing trip to Manor and Eagle Nest Lakes, where some of the best perch and bass fishing can be found.

MEMBERSHIP NEARS 1300 MARK; NOW MEET SOME NEWLY ADMITTED MEMBERS

MBA's new-members campaign is rolling along with total membership rapidly approaching the 1300 mark. Total applications received in this Association year number 111 and our membership roster now stands at 1274. The campaign is headed by Aubrey M. Costa of Dallas.

At the present time, a large number of presentations are being made to mutual savings banks in the East. Because of new legislation permitting these institutions to invest in mortgages on a larger geographical basis, it is felt that they can now more fully participate in the Association's activities than has been true in the past.

Since THE MORTGAGE BANKER's last report of new members, these have been admitted:

ALABAMA, Birmingham. Clark Realty & Insurance Company. Exclusively city mortgages. Maintains insurance and real estate sales departments. Life insurance correspondent.

Mobile. Cowan-Irvine Co., Inc. Exclusively city mortgages. Operates property management, insurance, real estate sales and appraisal departments and represents life insurance companies.

FLORIDA, Panama City. Bay County Land & Abstract Company, Inc. Organized in 1913. Operates property management, insurance, real estate sales, and title insurance departments. Represents institutional investors.

ILLINOIS, Peoria. Harold S. Hurst. Operates almost exclusively in city mortgages but maintains farm management department.

IOWA, Cedar Rapids. Guaranty Bank & Trust Company.

Cedar Rapids. Tait and Wagner Company. Almost exclusively city loans. Organized 1937 and maintains property management, insurance and real estate sales departments. Represents institutional investors.

KANSAS, Wichita. The Chapple-Mann Investment Corp. Organized 1921. Business is divided about 50 per cent farm, 50 per cent city loans. Maintains property management, insurance, real estate sales and farm appraisal departments. Correspondent for two institutional investors.

MICHIGAN, Detroit. James T. Barnes & Company. Exclusively city mortgages. Operates insurance department. Member of Detroit MBA.

NEBRASKA, Lincoln. Security Mutual Life Insurance Company. About 90 per cent city loans, 10 per cent farm. Organized 1895. Territory embraces Middle Western states.

OKLAHOMA, Ponca City. The Dawson Company. Exclusively city loans. Life insurance correspondent.

Ponca City. Tharp Investment Company. Exclusively city loans.

Tulsa. Guaranty Abstract Company. Organized 1928.

SOUTH CAROLINA, Greenville. Liberty Life Insurance Company. Organized 1905. Exclusively city loans. Operates in Florida, Georgia, North and South Carolina and Virginia.

TEXAS, Dallas. Weck M. Brown & Co. Exclusively city loans. Operates insurance department. Life insurance correspondent.

Harlingen. Paul Carruth Company. Organized 1938. Twenty per cent farm loans, 80 per cent city loans.

Midland. Key Investment Company. Organized 1941. Maintains three branches. Territory confined to West Texas. Operates property management, insurance and real estate sales departments. Correspondent for institutional investors.

WASHINGTON, Spokane. Hypotheek Land Company. Organized 1940. Seventy-five per cent city loans, 25 per cent farm. Territory includes Washington, Oregon and Idaho.

WEST VIRGINIA, Romney. Fletcher Mortgage Corporation. Ninety per cent city and 10 per cent farm loans. Territory includes West Virginia, Virginia, Maryland and Pennsylvania.

28 AUTHORS ANNOUNCED FOR THE FIRST TEXTBOOK ON MORTGAGE LENDING BY MBA

Preparation of the first Textbook of Mortgage Banking ever published in this country is well under way and Robert H. Pease, vice president, Draper & Kramer, Inc., Chicago, editor of the work, announced acceptances had been received from 28 authorities to write specific chapters of the book. These include:

James A. Downs, Downs, Mohl & Co., Chicago; Dr. Marcus Nadler, New York University; McCune Gill, Title Insurance Corporation, St. Louis; John C. Tredwell, New York.

Herman O. Walther, Bell Savings & Loan Association, Chicago; Robert C. Nordblom, Nordblom Company, Boston; Dr. Thurston H. Ross, Los Angeles; Wallace W. True, Lincoln Savings Bank, Brooklyn; Harry A. Fischer, Mutual National Bank, Chicago; Watson A. Bowes, Denver; William L. Leighly, Chicago.

Kenneth J. Morford, Burwell & Morford, Inc., Seattle; T. S. Burnett, Pacific Mutual Life Insurance, Los Angeles; H. J. Tobin, Northwestern Mutual Life, Milwaukee; Glenn McHugh, Equitable Life, New York.

Robert E. O'Dea, Chicago Title & Trust Co.; Howard S. Bissell, Cleveland; Oliver M. Walker, Walker & Dunlop, Inc., Washington, D. C.; Walter Berg, Dovenmuehle, Inc., Chicago.

Charles Stewart, Mutual Life of New York; Frank C. Waples, Midland Mortgage Company, Cedar Rapids, Ia.; W. Walter Williams, Continental, Inc., Seattle; Norman H. Nelson, Minnesota Mutual Life, St. Paul.

Walter Gehrke, First Federal Savings & Loan Association, Detroit; J. R. Jones, Security-First National Bank, Los Angeles; Earl B. Schwulst, Bowery Savings Bank, New York; James W. Collins, Tracy-Collins Trust Company, Salt Lake City; Aubrey M. Costa, Southern Trust & Mortgage Co., Dallas; W. W. Beal, Iowa Securities Company, Waterloo; and Wallace Moir, Belmont Company, Beverly Hills, Calif.

Authors of the four remaining chapters will be announced shortly.

President Nielsen has appointed an Editorial Board to assist Mr. Pease and Frank J. McCabe, director of education and research, in the work. They include Dean R. Hill, Buffalo, S. M. Waters, Minneapolis, W. L. King, Washington, D. C., H. L. Mendon, Los Angeles, and Robert Patrick, Des Moines. Additions to the board are contemplated.

Publication is tentatively scheduled for early next year.

HONORS PRESIDENT

Paul Bauer, until recently vice president of the Towle Company, has resigned as president of the Minneapolis MBA. He is leaving the city to enter business in Huntington, West Va. At a testimonial dinner in his honor, the association presented him with a pen and pencil set in recognition of his service to the organization.